Global Network Services Market

Trends and Opportunities

VIN1-1

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Business Trends

- Globalization
  - Markets
  - Sourcing for products/services
  - "Harmonization" of Europe (1992)
- Organizational fragmentation
  - Multiple lines of business
  - Mergers/acquisitions/divestitures

INPUT

Notes

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Business Trends

- Use of technology to change basic operational practices
- Increasing use of small, focussed work groups
  - Transient
  - Cross-functional
  - Intercompany

INPUT

Notes

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Business Trends

- Business/operational integration
  - Horizontal **and** vertical
  - Within **and** between organizations
- Information integration: EDI
- "Strategic" systems

INPUT

Notes

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Business Trends

- Shorter product development/life cycles
- Faster time to market
- Customization of products/services
- "Intelligent" products

INPUT

Notes

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Information Systems Driving Forces

1. Bottom line return
2. Rapid response and deployment
3. Expanding wealth of technology
4. International competition
5. Unstable organizational environments
6. Integration

INPUT

Notes

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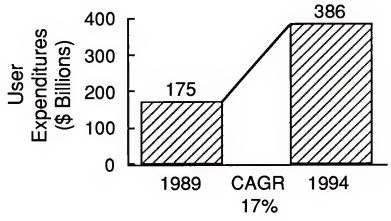
Worldwide Information Services Market, 1989-1994



INPUT

Notes

VIN1-7

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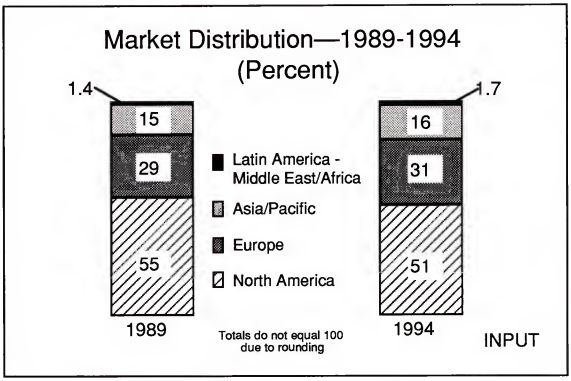

Notes

VIN1-8

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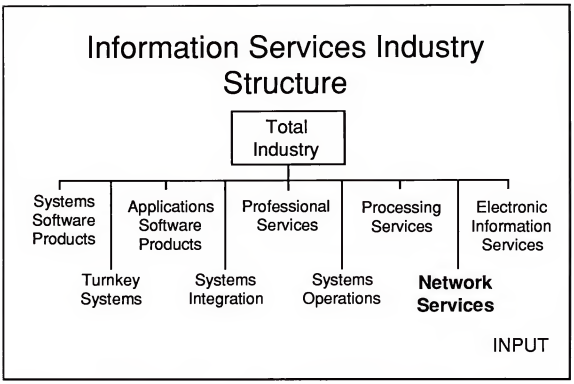

Notes

VIN1-9

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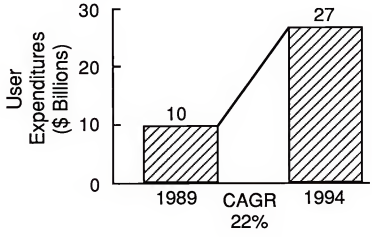
Worldwide Expenditures for Network Services, 1989-1994



INPUT

Notes

VIN1-10

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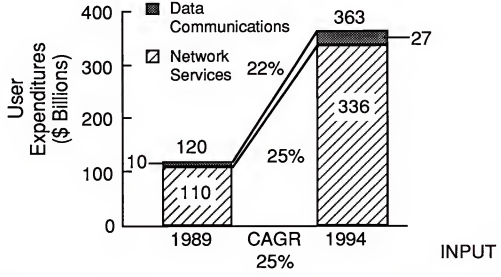
Worldwide Data/Value-Added Network Services Growth, 1989-1994



Notes

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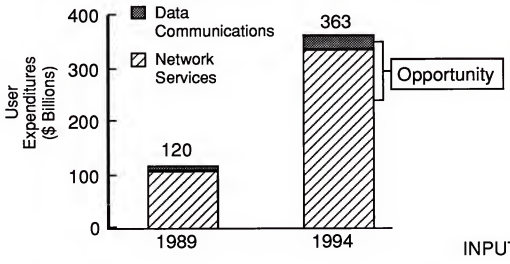
Worldwide Data/Value-Added Network Market Opportunity Considerations



Notes

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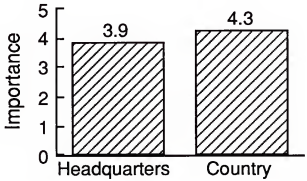
Network Importance



In-country staff rated criticality slightly higher

INPUT

Notes

VIN1-13

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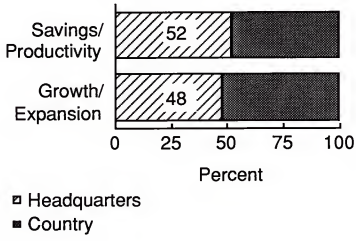
Primary Network Benefit
Headquarters vs. Country Understanding



INPUT

Notes

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Leased Circuit Services
Primary Circuit Type

	1988	1993	Change
No. Circuits	12	11	nil
	Percent		
Telex-Grade	4	7	nil
Voice-Grade (AVD)	78	50	(36)
Wideband (IBS)	18	43	1.38

INPUT

Notes

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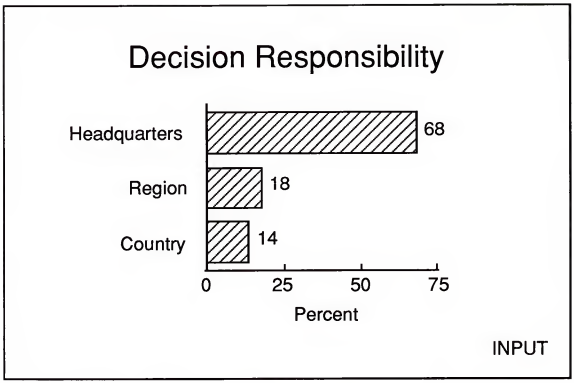

Notes

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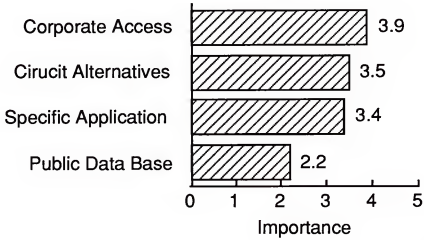
Public Data Network Use
Reasons For Use



INPUT

Notes

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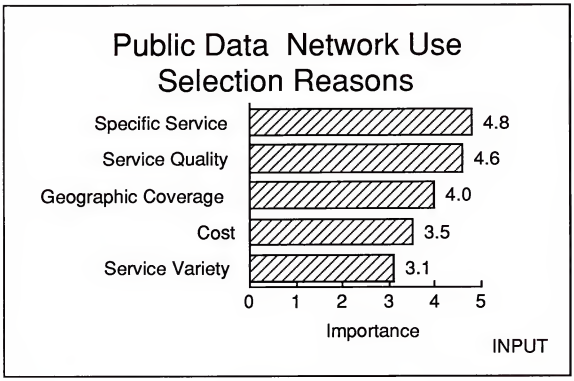

Notes

VIN1-18

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Public Data/Value-Added Networks

Key value-added network service requirements

- Network connectivity
- E-Mail
- EDI

INPUT

Notes

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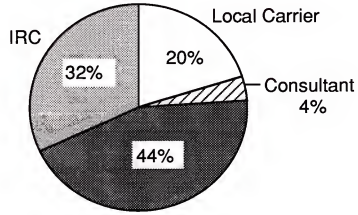
Decision Information Sources



INPUT

Notes

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Conclusions and Recommendations
Key Conclusions

Service delivery focus shifting

- Pure capacity declining
- Added value increasing

INPUT

Notes

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Conclusions and Recommendations

Key growth opportunities

- E-Mail
- EDI
- Fax services (store-forward)
- Virtual networks

INPUT

Notes

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Market Success Factors

- Understand end-user needs
  - Domestic
  - International
- Provide proactive support
- Demonstrate country knowledge
- Present complete services
- Provide internal feedback
- Coordinate account activities

INPUT

Notes

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INFONET is...

The Right Product
The Right Place
The Right Time

INPUT

Notes

VIN1-24

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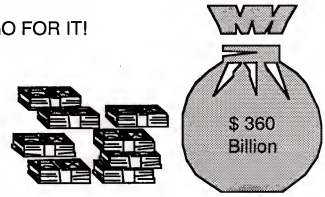
Global Network Services Revenue, 1989-1994

GO FOR IT!



INPUT

Notes

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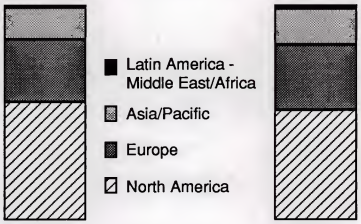
Market Distribution—1989-1994
(Percent)



Totals do not equal 100 due to rounding

INPUT

There are no totals, so note unnecessary

Notes

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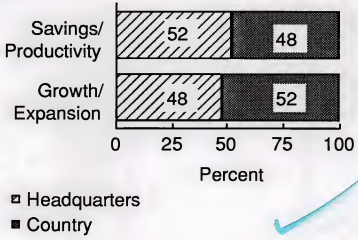
Primary Network Benefit
Headquarters Vs. Country Understanding



INPUT

Notes

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Leased Circuit Services
Primary Circuit Type

	1988	1993	Change
No. Circuits	12	11	nil
	Percent		
Telex-Grade	4	7	nil
Voice-Grade (AVD)	78	50	(36)
Wideband (IBS)	18	43	1.38

INPUT

Notes

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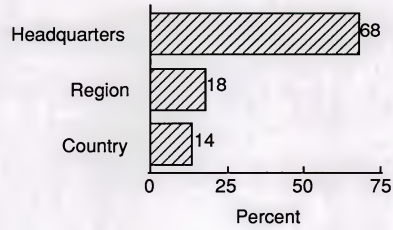
Decision Resposibility



INPUT

Notes

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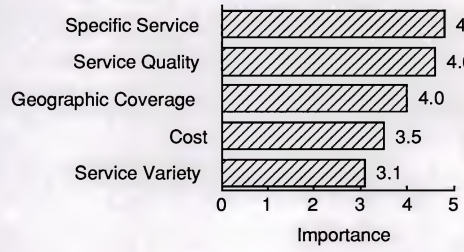
Public Data Network
Use Selection Reasons



INPUT

- either 'Use' s/b on top line or it s/b separated by a ½ from 'selection'
- right justify 'cost'

Notes

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Conclusions and Recommendations
Key Conclusions

Service delivery focus shifting

- Pure capacity declining
- Added-value increasing

no hyphen in added value

INPUT

Notes

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Market Success Factors

- Understand end-user needs
  - Domestic
  - International
- Provide pro-active support
- Demonstrate country knowledge
- Provide internal feedback
- Coordinate account activities

INPUT

Notes

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Global Network Service Revenue, 1989-1994

GO FOR IT!

$/b
Services

INPUT

Notes

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Value-Added Network Services Competitive Ranking

Company	International	Domestic
INFONET	1	3
GEIS	2	4
Sprint	3	1
BT/Tymnet	4	2

TYMNET is all caps

INPUT

Notes

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INPUT
1953 Gallows Road, Suite 560, Vienna VA 22182 (703) 847-6870
Fax (703) 847-6872

FACSIMILE TRANSMITTAL FORM

Date: 2/26/90

Destination: MT. VIEW

ATTENTION: ANDREA JERIS

Telephone Number:

Facsimile Number:

From: A. GRAHAM

Number of Pages: 1 of 27

Confidential: Yes ____ No ✓

Urgent: Yes ✓ No ____

Description: Documents to prepare slides for Ingres presentation. Need one copy of exhibits sent to Ingres by Thursday. Slides to me by end of this week. Hard Copy in order shown.

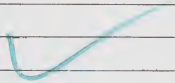
INPUT Project Charge Code: ____

File: ___
Chron: ___
Contact: ___
Other: ___ (specify) ____

RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:21AM ; 7038476872→ 4159602366:# 1
SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:30AM ; 7038476872→ 4159602366:# 1

GLOBAL NETWORK SERVICES MARKET

TRENDS AND OPPORTUNITIES



ROV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:32AM ; 7038476872→ 4159602966;# 2
SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:30AM ; 7038476872→ 4159602966;# 2

Business Trends

- Globalization
  - Markets
  - Sourcing for products/services
  - "Harmonization" of Europe (1992)
- Organizational fragmentation
  - Multiple lines of business
  - Mergers/acquisitions/divestitures

INPUT

Notes:

MSEM-NL-11

2

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SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:31AM ; 7035476872→ 4159603966:# 3
ROV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:32AM ; 7035476872→ 4159603966:# 3

Business Trends

- Use of technology to change basic operational practices
- Increasing use of small, focussed work groups
  - Transient
  - Cross-functional
  - Intercompany

INPUT

Notes:

MSEM-NL-13

3

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SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:31AM ; 7038476872→ 4159602966;# 4
RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 9:33AM ; 7038476872→ 4159602966;# 4

Business Trends

- Business/operational integration
  - Horizontal and vertical
  - Within and between organizations
- Information integration: EDI
- "Strategic" systems

INPUT

Notes:

MSEM-NL-12

4

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RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:33AM ; 7035476872→ 4159602966;# 5
SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:31AM ; 7035476872→ 4159602966;# 5

Business Trends

- Shorter product development/life cycles
- Faster time to market
- Customization of products/services
- "Intelligent" products

INPUT

Notes:

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SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:32AM ; 7038476872→ 4159602966;# 6
RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:34AM ; 7038476872→ 4159602966;# 6

Information Systems Driving Forces

1. Bottom line return
2. Rapid response and deployment ~~(Pace)~~
3. Expanding wealth of technology
4. International competition ~~(Globalization)~~
5. Unstable organizational environments ~~(Pace)~~
6. Integration

INPUT

Notes

6

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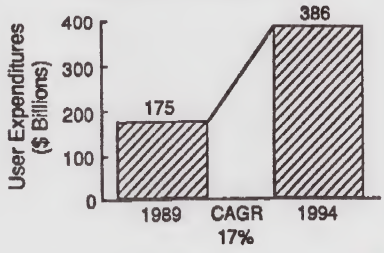
RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:24PM ; 7035476872→ 4159603966;# 7
SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:32AM ; 7035476872→ 4159603966;# 7

Worldwide Information Services Market, 1989-1994



INPUT

Notes

MPRE90-185

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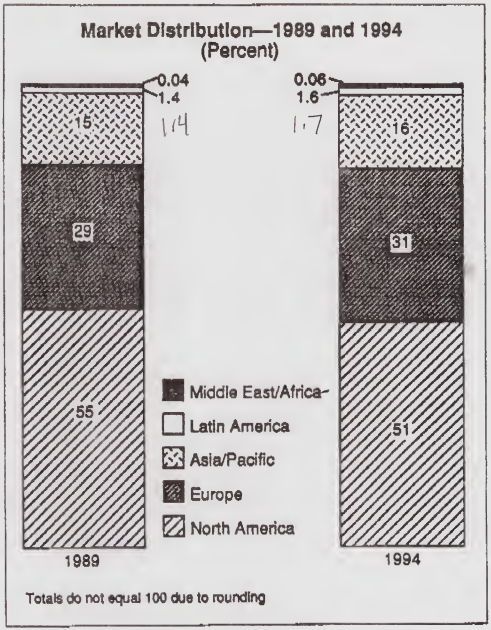
INPUT

SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:33AM ; 7038476872→ 4159603966;# 8
RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:35AM ; 7038476872→ 4159603966;# 8

EXHIBIT II-4



MAY NOT WORK AS SLIDE

Combine M. East / Africa with Latin Amer per Alex 2/26/90

8

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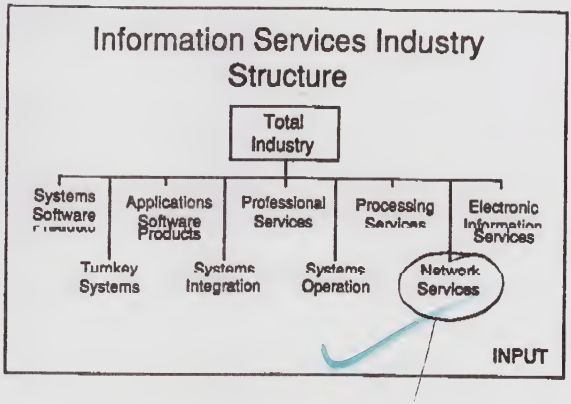
SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:34AM ; 7035476872-
RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:35AM ; 7035476872-
4159602966:# 9
4159602966:# 9



Notes

Make this a "sell" circle or "buying" circle with background shading or different color or something!

(9)

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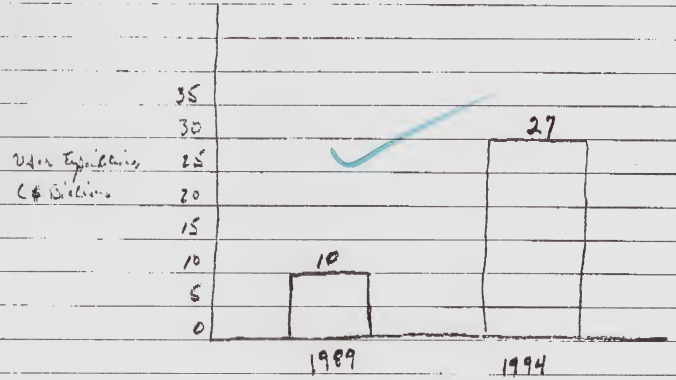
RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:36AM ; 7038476872→ 4159603966:#10
SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:34AM ; 7038476872→ 4159603966:#10

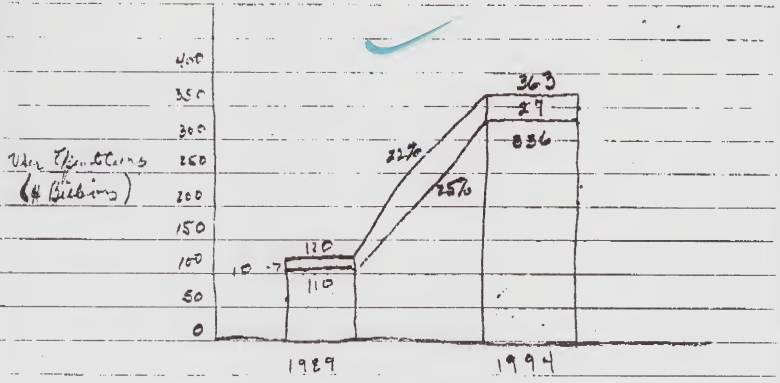
Workforce Expenditures for
National Services, 1989-1994



CAGR = 22%

RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:36AM ; 7038476872→ 4159603966:#11
SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:35AM ; 7038476872→ 4159603966:#11

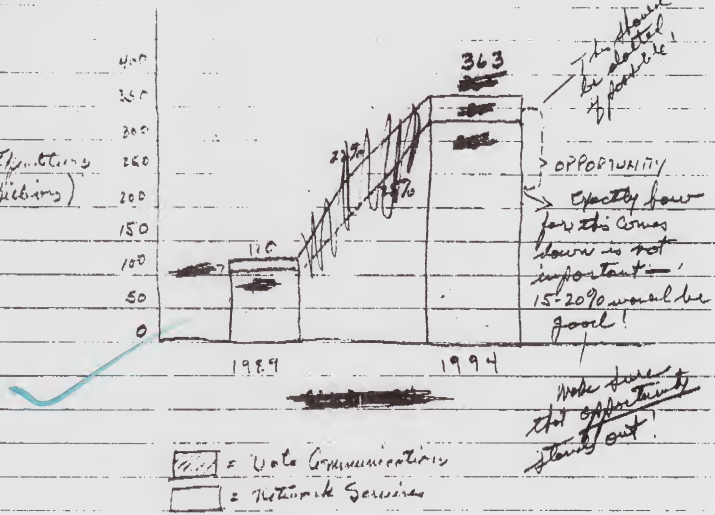
Worldwide Data / Value Added Network Services Growth, 1989 - 1994



11

SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:35AM ; 7038476872→ 4159602966;#12
ROU BY:XEROX TELECOPIER 7010 ; 2-26-90 7:37AM ; 7038476872→ 4159602966;#12

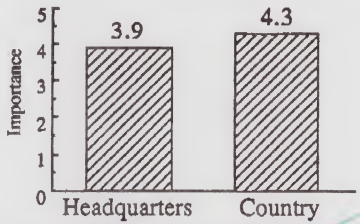
Worldwide Data [illegible] Market
~~[illegible]~~
Opportunity Considerations



Same basic chart with changes noted.

(12)

ROV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:37AM ; 7038476872→ 4159602366;#13
SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:36AM ; 7038476872→ 4159602366;#13



In-country staff rated criticality slightly higher.

INPUT

Notes:

MSEM-AG2-5

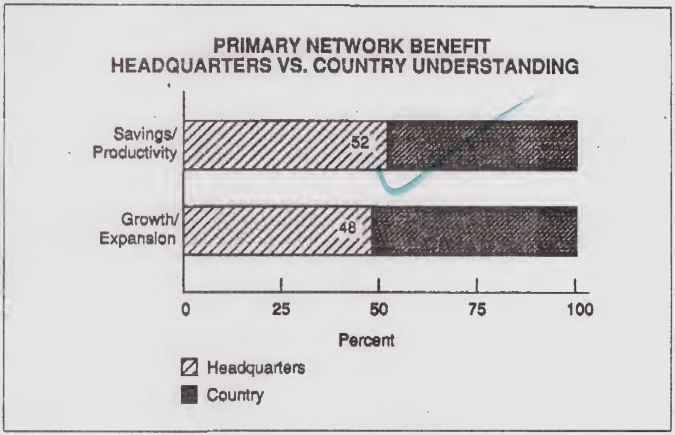
13

SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:36AM ; 7038476872+ 4159603966:#14
RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:38AM ; 7038476872+ 4159603966:#14

As part of the survey, users were asked to indicate whether their networks are implemented for the purpose of realizing 'cost saving and increased productivity' or whether their primary purpose is to support 'revenue growth and strategic expansion'. The results proved interesting.

Responses to the questions indicate that there is a relatively even split between 'cost savings' and 'revenue growth'. However, it is interesting to note that headquarters staff believe that cost savings are the primary reason and in-country staff believe that the primary reason is to achieve revenue growth and strategic expansion (Exhibit III-7).

EXHIBIT III-7



The exact reason for the differences in perspective between headquarters and in-country staff are not clear. A couple of possibilities emerge.

- Headquarters staff have a more comprehensive view of the overall cost picture and therefore perceive the financial benefits more readily.
- The in-country staff tend to be more closely associated with the business and might have a better understanding of the true value of a network.

14

RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:38AM ; 7038476872→ 4159603966:#15
SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:37AM ; 7038476872→ 4159603966:#15

Leased Circuit Services
Primary Circuit Type

	1988	1993	Change
No. Circuits	12	11	nil
	Percent		
Telex Grade	4	7	nil
Voice-Grade (AVD)	78	50	(36)
Wideband (IBS)	18	43	1.38

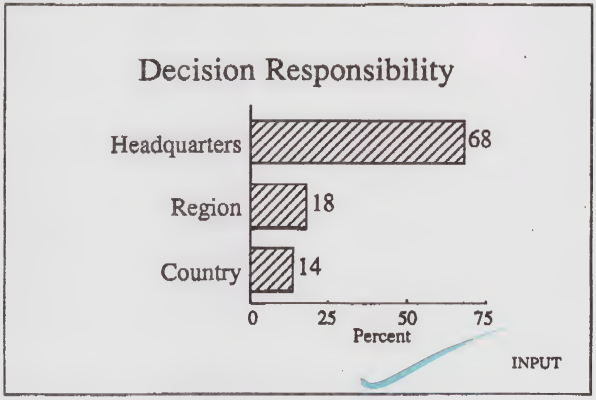
INPUT

Notes:

MSEM-AG2-14

(15)

INPUT
RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:39AM ; 7038476872→ 4159602966:#16
SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:37AM ; 7038476872→ 4159602966:#16

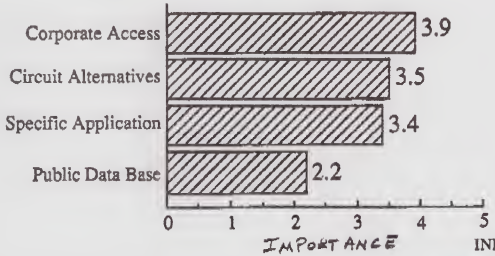


Notes:

16

RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:40AM ; 7038476872→ 4159602966;#1?
SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:38AM ; 7038476872→ 4159602966;#1?

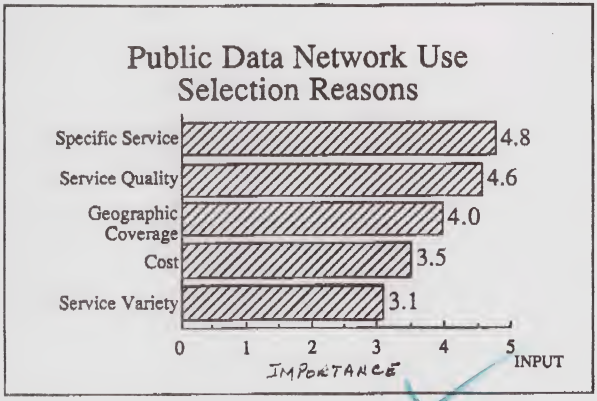
Public Data Network Use
Reasons For Use



Notes:

17

RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:40AM ; 7038476872→ 415960396;#18
SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:38AM ; 7038476872→ 415960396;#18



Notes:

MSEM-AG2-18

INPUT
RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:41PM ; 7038476872-4
SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:39AM ; 7038476872-4

Public Data/Value-Added Networks

Key Value-Added Network Service Requirements

- Network Connectivity
- E-Mail
- EDI

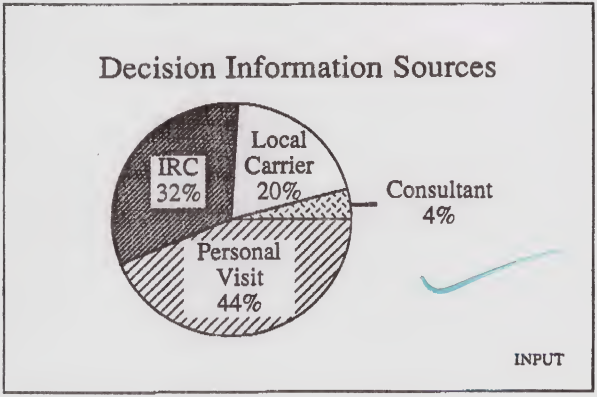
INPUT

Notes:

MSEM-AG2-20

19

RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:41PM ; 7038476872→ 4159602966;#20
SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:39AM ; 7038476872→ 4159602966;#20



Notes:

MSEM-AG2-8

RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:42PM ; 7038476872→ 4159602966;#21
SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:40AM ; 7038476872→ 4159602966;#21

Conclusions and Recommendations

Key Conclusions

Service Delivery Focus Shifting

- Pure Capacity Declining
- Added Value Increasing

INPUT

Notes:

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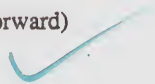
RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:42AM ; 7038476872→ 415960396:#22

Conclusions and Recommendations

Key Growth Opportunities

- E-Mail
- EDI
- Fax Services (Store-Forward)
- Virtual Networks



INPUT

Notes:

MSEM-AG2-24

22

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RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:43AM ; 7038476872+ 4159603966:#23

Conclusions and Recommendations
Vendor Recommendations

Identify Primary Needs

- Basic Value-Added Needs Satisfied
- Enhanced Value-Added Services Needed

Position to Meet Growth Needs/Areas

- Expect Long Growth Cycles
- Relationships Most Important

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Notes:

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RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:43AM ; 7038476872→ 4159602966;#24

MARKET SUCCESS FACTORS

UNDERSTAND END-USER NEEDS
- DOMESTIC
- INTERNATIONAL

PROVIDE PRO-ACTIVE SUPPORT

DEMONSTRATE COUNTRY KNOWLEDGE

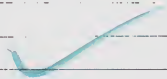
COORDINATE ACCOUNT ACTIVITIES

PROVIDE INTERNAL FEEDBACK

ROV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:44AM ; 7038476872+ 4159603966;#2S
SENT BY:INPUT WASHINGTON DC ; 2-26-90 9:42AM ; 7038476872+ 4159603966;#2S

INFONET IS ---

THE RIGHT PRODUCT
THE RIGHT PLACE
THE RIGHT TIME



25

RCV BY:XEROX TELECOPIER 7010 ; 2-26-90 7:44AM ; 7038476872+ 4159603966;#26
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GLOBAL NETWORK SERVICES

~~Available Information Services~~ Revenue, 1989-1994

GO FOR IT!

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Notes

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MPRE90-183

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VALUE ADDED NETWORK SERVICES
COMPETITIVE RANKING

	INTERNATIONAL	DOMESTIC
INFONET	1	3
GEIS	2	4
Sprint	3	1
BT/Tymnet	4	2